

PROPERTY AND CASUALTY LINES PRODUCER
INDIANA EXAMINATION CONTENT OUTLINE
160 QUESTIONS TOTAL
TIME LIMIT 2 hours and 40 minutes
REVISED 9/21/2006

I. KEY TERMS & CONCEPTS (11 QUESTIONS TOTAL)

A. Definitions And Key Concepts

1. Exposure
2. Risk
 - Pure Risk vs. Speculative Risk
 - Dealing with Risk
 - Relationship between Risk & Premium
3. Loss
 - Financial consequences
 - Direct Loss vs. Indirect (Consequential) Loss
4. Insurance
 - Transfer of Risk
5. Property
6. Two Party Contracts
7. Casualty / Liability
8. Third Party Contracts
9. Personal Lines vs. Commercial Lines
10. Insurable Interest
11. Indemnification
12. Limits of Liability
 - Lower of the Loss or the Limit
 - Occurrence Limits
 - Aggregate Limits
13. Exclusions
14. Inherent Vice
15. Pro Rata
16. Liberalization Clause
17. Assignment
18. Cancellation and Nonrenewal
19. Refund of Unearned Premium
20. Certificate of Insurance
21. Endorsements
22. Named Insureds
23. First Named Insured
24. Additional Insureds
25. Accident
26. Occurrence
27. Countersignature requirements

B. Types of Insurance Companies

1. Lloyd's of London
2. Stock Companies
3. Mutual Companies
4. Self Insurers
5. Risk Retention Groups
6. Federal & State Governments

C. Reinsurance

D. Other Ways of Classifying Companies

1. By Origin
 - Domestic
 - Foreign
 - Alien
2. By Authority
 - Authorized (Admitted)
 - Unauthorized (Non-Admitted)

II. CONTRACT LAW AND UNDERWRITING (8 QUESTIONS TOTAL)

A. What is a Contract

B. The Five Essential Parts of a Contract

1. Offer
2. Acceptance
3. Consideration
4. Legal capacity
5. Legal purpose

C. Doctrine of Utmost Good Faith

D. Doctrine of Reasonable Expectations

E. Defining Truth

1. Warranties
2. Representations
3. Misrepresentations
4. Concealment
5. Material to the risk
6. Fraud
7. Fiduciary
8. Waiver
9. Consequences of material misrepresentation

F. Binders

1. Oral vs. Written
2. When does coverage start
3. When do Binders expire

G. Distinct Characteristics of Insurance Contracts

1. Personal contracts
2. Conditional
3. Unilateral
4. Aleatory
5. Adhesion

H. Parts of a Policy

1. Declarations
2. Insuring Agreement/Coverages
3. Conditions
4. Exclusions

I. Underwriting

1. Factors used to calculate premium rates
2. Law of Large Numbers
3. Fair Credit Reporting Act

J. Powers of Agency

1. Insurance law & the Agent/Producer
 - The Agent/Producer
 - The Agency Agreement/Contract
 - The Agent's extending the insurance company's liability
 - Agent's knowledge
 - Agent vs. Broker
2. Powers of Agency
 - Expressed authority
 - Implied authority
 - Apparent authority

III. BASICS OF TWO PARTY COVERAGE

(8 QUESTIONS TOTAL)

A. Property Format

1. What Property is insured
 - Building
 - Contents
2. From what Perils/Causes of Loss
 - Named Peril Policies
 - Open Perils (All Risk) Policies
3. Hazards

- Physical
- Moral
- Morale

B. The Cause of Loss Forms: Basic, Broad, & Special

1. Basic Cause of Loss Form
 - Know the Basic perils
2. Broad Cause of Loss Form
 - Know the Broad form perils plus Collapse
3. Special Cause of Loss Form
 - “All Risk” concept
 - Importance of Exclusions
4. Differences between Personal Lines and Commercial Lines Cause of Loss Forms

C. Claim Settlement –Basis for Valuation

1. Actual Cash Value (ACV)
2. Replacement Cost
3. Functional Replacement Cost/Repair Cost
4. Stated Value
5. Agreed Value
6. Fair Market Value

D. Cost Containment Tools in Property Policies

1. Deductibles
2. Coinsurance/Insure to Value (Commercial Policies Only)

E. Common Property Provisions

1. Proof of Loss
2. Appraisal
3. Right of Salvage
4. Abandonment
5. Additional Coverages
6. Extensions of Coverage
7. Vacancy/Unoccupancy

F. Common Property Conditions

1. Concealment, Misrepresentation or Fraud
2. Control of Property
3. Insurance Under Two or More Coverages
4. Legal Action
5. Liberalization
6. No Benefit to Bailee
7. Other Insurance
 - One practical pro rata calculation question
 - Nonconcurrency
8. Policy Period

9. Coverage Territory
10. Subrogation

G. Insured's Duties in the Event of a Loss

H. Mortgage Holder's Rights

I. Loss Payment Options

IV. BASICS OF THIRD PARTY COVERAGE

(8 QUESTIONS TOTAL)

A. Liability Policies

1. Purpose
2. Third Party Contracts
3. Definitions
 - Bodily Injury (BI)
 - Property Damage (PD)
 - Personal Injury
 - Advertising Injury
4. Legally Obligated to Pay
 - Settlement
 - Judgment

B. Negligence

1. Definition
2. Reasonable Person
3. Intentional acts not covered
4. Establishing Negligence
 - Duty
 - Breach of Duty
 - Proximate Cause
 - Damages
5. Types of Damages
 - Compensatory
 - Punitive
6. Legal Defenses
 - Comparative Fault
 - Assumption of Risk
 - Intervening Cause
 - Statute of Limitations

C. Beyond Negligence

1. Strict Liability
2. Vicarious Liability

D. "No Fault" Benefits

1. Medical Payments
2. Supplementary Payments
 - Defense Costs
 - Other Payments

E. Fire Legal Liability

F. Commercial and Personal Umbrella Policies

1. Excess Liability Policy vs. Umbrella Policy

V. HOMEOWNERS AND DWELLING POLICIES (25 QUESTIONS TOTAL)

A. Homeowners (23-24 QUESTIONS)

1. The Homeowners Program
 - HO-1 Basic Form
 - HO-2 Broad Form
 - HO-3 Special Form
 - HO-4 Tenant (or Contents) Form
 - HO-5 Comprehensive Form
 - HO-6 Condominium Unit Owners Form
 - HO-8 Modified Coverage Form
2. Eligibility
3. Incidental Businesses in Home
4. Who is an Insured
5. What is Covered
 - Dwelling and Other Structures
 - Personal Property and Personal Liability
 - Personal Property of Others
6. Definitions
 - Residence Premises
 - Insured Locations
7. **Section I – Property Coverages**
 - Coverage A – Dwelling
 - Coverage B – Other (Appurtenant) Structures
 - Coverage C – Personal Property
 - Property covered / not covered
 - Property subject to specific dollar limits
 - Personal Articles Floater Coverages
 - Coverage D – Loss of Use
 - Additional Living Expenses
8. Against What
 - Basic Perils
 - Broad Perils
 - Special Perils
9. Additional Coverages

- Debris Removal
- Reasonable Repairs
- Trees, Shrubs, or Other Plants
- Fire Department Service Charge
- Ordinance or Law
- Credit Card

10. Exclusions

- Ordinance or law
- Earth movements
- Flood
- Sewer back-up and sump pumps
- Off premises power failure
- War
- Nuclear
- Freezing of plumbing
- Theft in or to a dwelling under construction
- Vandalism
- Hidden mold or wet rot
- Wear and tear
- Pollution
- Concurrent Causation
- Your animals/pets

11. Conditions

- Concealment or Fraud
- Cancellation
- Subrogation
- Duties After a Loss
- Loss Settlement
 - Coverage A & B Replacement Cost
 - Coverage C ACV
- Loss to a Pair or Set (one calculation)
- No Benefit to Bailee

12. Deductible

- Basic deductible

13. Section II – Casualty Coverages/The Personal Liability Policy

- Coverage E- Personal Liability (BI and PD)
- Coverage F – Medical Payments to Others
- Fire Legal Liability Covered
- Exclusions for Section II – Liability
 - Intentional Acts
 - Professional Liability
 - Business Pursuits
 - Workers Compensation losses
 - Vehicle, Watercraft, or Aircraft
- Additional Coverages

- Claim Defense
- First Aid to Others
- Damage to the Property of Others

14. Endorsements/Optional Coverages

- Business Pursuits
- Home Day Care
- Incidental Occupancies (in-home businesses)
- Earthquake
- Personal Injury
- Personal Property Replacement Cost
- Scheduled Personal Property
- Watercraft
- Inflation Guard
- Mobile Homes

B. The Dwelling Policies

(1-2 QUESTIONS)

1. Eligibility and uses
2. Policy forms
 - DP-1 Basic
 - DP -2 Broad
 - DP -3 Special
3. Coverages
4. Limitations
 - No Liability
 - No Theft

VI. PERSONAL AUTO POLICY

(15 QUESTIONS TOTAL)

A. Who and What

1. Who can buy a Personal Auto Policy
2. What vehicles can be insured under a Personal Auto Policy

B. Declarations

C. Definitions

1. Named Insured
2. Family Member (or Relative)
3. Other Insureds
4. Occupying
5. Trailer
6. Covered Auto
7. Temporary Substitute Auto

D. Auto Policy Provisions

E. Auto Policy Exclusions

F. Coverages

1. Coverage A (Liability)
 - Purpose
 - Single Limits
 - Split Limits (two claims calculations)
 - State Minimum Limits
 - Insured Persons
 - Settle/Defend
 - Supplementary Payments made in addition to the Policy Limits
 - Part A (Liability) Exclusions
2. Coverage B (Medical Payments)
 - Purpose
 - Medical and Funeral Expenses
 - Incurred by an Insured
 - Incurred within three years
 - Exclusions
 - Limits (Per Person Per Occurrence)
3. Coverage C (**U**ninsured Motorist & **U**nderinsured Motorist)
 - Purpose
 - Uninsured Motorist
 - Definition
 - Claim Problem
 - Underinsured Motorist
 - Definition
 - Claim Problem
4. Coverage D (Coverage for Damage to Your Auto/Physical Damage)
 - Purpose
 - Covered Auto(s)
 - Collision
 - Other Than Collision (Comprehensive)
 - Theft
 - Contact with a bird or animal
 - Glass breakage
 - Flood
 - Other Covered Perils
 - Coverage D Exclusions
 - Wear and Tear
 - Electronic Equipment
 - Coverage D Settlement
 - ACV of the damaged or stolen property
 - Appraisal
5. Transportation Expense Benefit

G. Duties After an Accident or Loss

H. Personal Auto Policy Endorsements

1. Extended Nonowner Coverage for Named Individuals
2. Miscellaneous Type Vehicles
3. Towing and Labor

VII. SPECIALTY POLICIES

(5 QUESTIONS TOTAL)

A. Flood Insurance

(2-3 QUESTIONS)

1. Adverse Selection
2. The National Flood Insurance Program
 - “Write-Your-Own” Program
 - Federal Government’s role
3. Flood Defined
4. Eligibility
 - Designated Areas
 - Property eligible for coverage
 - The effective date of coverage
 - The standard deductible

B. Personal Watercraft

(1-2 QUESTIONS)

1. Homeowners
 - Limits
 - Property Coverages
 - Liability Coverages
2. Boatowners
 - Eligibility
 - Property Coverages
 - Liability Coverages
 - Territorial Limits
3. Yacht Policy
 - Coverages
 - Basis for settlement-valuations
 - Deductibles
 - Workers Compensation
 - Navigation/cruising limits

C. Inland Marine Coverages

(0-1 QUESTION)

1. Concept

D. Fair Plan Coverage

(0-1 QUESTION)

1. Purpose
2. How does it work
3. Eligibility

VIII. THE COMMERCIAL PACKAGE POLICY (CPP) (2 QUESTIONS TOTAL)

A. Concept of the CPP

B. CPP Structure

C. The seven CPP modules

1. Property
2. Casualty/Liability
3. Crime
4. Auto
5. Boiler & Machinery
6. Inland Marine
7. Farm

D. Common Policy Declarations

E. Common Policy Conditions

1. Cancellation
2. Changes
3. Examination of Your Books and Records
4. Inspection and Surveys
5. Premiums

IX. COMMERCIAL PROPERTY POLICY

(13 QUESTIONS TOTAL)

A. Policy Structure

1. Commercial Property Declarations
2. Commercial Property Conditions
3. Property Coverage Forms as needed
4. Causes of Loss
 - Basic
 - Broad
 - Special

B. Commercial Property Conditions

1. Concealment, Misrepresentation or Fraud
2. Subrogation
3. Insurance Under Two or More Coverages
4. Liberalization
5. No Benefit to Bailee
6. Other Insurance
7. Policy Period and Coverage Territory

C. Building and Business Property Coverage Form

1. Definitions & Coverages

- Building
 - Business Personal Property
 - Personal Property of Others
2. Property not Covered
 - Cash
 - Animals
 - Autos
 - Bridges, roadways, patios, or other paved surfaces
 - Contraband
 - Foundations
 - Land
 - Personal property that is airborne or waterborne
 - Pilings, piers or docks
 - Underground pipes, flues, or drains
 - Lost information
 - Cars, trucks, boats, and airplanes
 - Crops
 3. Additional Coverages
 - Debris Removal
 - Fire Department Service Charge
 - Pollutant Clean-up and Removal
 - Preservation of Property
 - Increased Cost of Construction
 4. Coverage Extensions
 - Eligibility
 - Coverages
 5. Limits of Insurance
 6. Deductibles
 7. Loss Conditions
 - Abandonment
 - Appraisal
 8. Your Duties in the Event of a Loss
 9. Vacancy
 10. Valuation
 11. Concurrent Causation
 12. Coinsurance
 - Purpose
 - Formula to calculate coinsurance
 - One claim settlement problem
 13. Mortgage Holders Rights
 14. Optional Coverages
 - Inflation Guard
 - Reporting Forms
 - Replacement Cost

D. Business Interruption Insurance

1. Business Income Coverage Form

- Period of Restoration
 - Business Income defined
2. Extra Expense Coverage Form

E. Exclusions Common to All Cause of Loss Forms

1. Building Ordinance or Law
2. Earth Movement/Earthquake
3. Nuclear Hazard
4. Flood
5. Leakage or Seepage
6. Artificially Generated Electrical Current
7. Explosion of Steam boilers
8. Mechanical Breakdown
9. Predictable Losses

F. Exclusions Unique to the Special Form

G. Endorsements

1. Earthquake
2. Inflation Guard
3. Replacement Cost

X. COMMERCIAL GENERAL LIABILITY (CGL) (10 QUESTIONS TOTAL)

A. Commercial Liability Coverage Forms

1. Premises
2. Operation
3. Products
4. Completed Operations
5. Independent Contractors
6. Contractual Liability
 - L Lease
 - E Easement
 - A Agreement to indemnify a municipality
 - S Sidetrack agreement
 - E Elevator maintenance agreement
7. Fire Legal
8. Personal injury
9. Advertising Injury

B. No Fault Benefits

1. Premises or Operations Medical Payments
2. Supplementary Payments
 - Defense Costs
 - Other Payments

C. Not Covered/Exclusions

1. Commercial Auto Liability
2. Liquor Liability
3. Nuclear Energy Liability
4. Pollution Liability
5. Professional Liability
6. Employee Injury Liability
7. Employee Benefit Liability
8. Director & Officer's Liability
9. Commercial Aircraft or Watercraft Liability
10. Intentional Acts
11. Insured's Property
12. Insured's Product
13. Property in Insured's Care, Custody, or Control
14. Product Recalls

D. Who is an Insured

1. Sole Proprietorship
2. Partnership
3. Corporation

E. Limits of Insurance

1. Occurrence Limits
2. Aggregate Limits

F. CGL Conditions

1. Premium Audit
2. Duties in the Event of a Loss

G. Occurrence vs. Claims-Made Policies

1. What is a Claim
2. Retroactive Date
3. Basic ERP
4. Supplemental ERP

XI. OTHER LIABILITY COVERAGES

(3 QUESTIONS TOTAL)

A. Commercial Umbrella Policies

1. Excess Liability Policy vs. Umbrella Policy
2. Self Insured Retention

B. Workers Compensation (WC)

1. Concept
2. Required coverages
3. Exempt workers
4. WC laws provide four types of benefits
 - Medical Expense
 - Disability

- Death
- Rehabilitation
- 5. Three Coverage Parts
 - Part 1 – Workers Compensation
 - Part 2 – Employer’s Liability
 - Part 3 – Other States Coverage

C. Professional Liability Insurance Errors and Omissions

1. Concept
2. Who needs E & O Protection

D. Directors and Officers Liability Insurance

XII. COMMERCIAL CRIME

(2 QUESTIONS TOTAL)

A. Fidelity Bonds – Concept

1. Principal
2. Obligee
3. Surety or Guarantor

B. Crime Definitions

1. Robbery
2. Burglary
3. Theft
4. Safe Burglary
5. Disappearance
6. Extortion

XIII. BOILER AND MACHINERY/MECHANICAL BREAKDOWN (2 Q TOTAL)

A. Why Boiler and Machinery Insurance

1. Coverages
 - Explosions
 - Sudden & Accidental Mechanical Breakdown
2. Covered Property
 - Building
 - Business personal property
 - Property of others
3. What “objects” can be insured

B. What is Covered

1. Insured’s Property
2. Property In the Insured’s Care, Custody, or Control

3. Expediting Expenses

C. Conditions

1. Suspension Provision
 - Company's right to inspect
 - Suspension of coverage

XIV. OTHER COMMERCIAL PACKAGE MODULES (5 QUESTIONS TOTAL)

A. Business Auto

1. Definitions
 - Automobile
 - Mobile Equipment
2. Policy Territory
3. Business Auto Endorsements
 - Drive Other Car Coverage
 - Additional Insured –Lessor
 - Mobile Equipment

B. Garage Policy

1. Garage Liability Coverage
2. Garagekeepers Liability Coverage

C. Inland Marine

1. Commercial Inland Marine Property Floaters
 - Bailees
 - Contactors Equipment Floaters
 - Installation Floaters

D. Farm

E. Crop Insurance

XV. BUSINESSOWNERS POLICY (3 QUESTIONS TOTAL)

A. Why needed

B. What is a BOP

C. Who is Eligible

D. Who is not Eligible

E. Policy Design & Coverages

1. Must be sold as a package – Property and Casualty
2. Required coverages

- Building
 - Contents
 - Loss of Income
3. No Coinsurance requirement
 4. Losses are settled on a Replacement Cost Basis
 5. Liability Coverages
 6. Endorsements

XVI. STATE OF INDIANA

GENERAL INSURANCE REGULATIONS

(24 QUESTIONS TOTAL)

H. Department of Insurance

(6 QUESTIONS)

1. Insurance Commissioner
 - Appointment by Governor
 - Member of NAIC
 - Powers
 - Duties
2. Admission of Insurance Companies
 - Certificate of Authority
 - Admitted versus Non-Admitted companies
 - Domestic, Foreign & Alien companies
3. Examination of Admitted Insurance Companies
 - Frequency of fiscal examinations
 - Waiving examinations of Foreign & Alien companies
7. Insurance Guaranty Associations
 - Purpose
 - Policy benefits that are guaranteed

B. Licensing Laws

(10 QUESTIONS)

19. Types of Insurance Licenses, Eligibility Requirements & Powers and Duties
 - Resident Producer
 - Nonresident Producer
 - Temporary Producer
 - Consultant
 - Limited Lines
 - Flight
 - Baggage
 - Title
 - Credit
 - Funeral Directors
20. Who must be licensed
 - Solicit, negotiate or sell contracts of insurance

- 21. Producer qualifications and the licensing process
- 22. Insurance Company: Producer appointments and termination
- 23. Duties of a Producer
 - License application process, examination, and fees for obtaining a license
 - Controlled Business
 - Acting as a Consultant
 - Fees and commissions
- 24. Producer's License Maintenance
 - Producer notification requirements for change of business **or** residential address
 - License renewal process
 - Continuing Education requirements
 - *Sircon* license & C/E tracking system
 - Producer Responsibilities

C. Producer/Company Compliance

(7 QUESTIONS)

- 10. Producer Licensing Law & Violations
- 11. Unfair Competition Law & Violations
- 12. Definitions
 - Twisting
 - Rebating
 - Sharing commissions with an unlicensed person
 - Unfair discrimination
- 4. Complaint process
 - Time frame for hearings
- 5. Penalties/Disciplinary Actions
 - Penalty for violating Licensing law
 - Penalty for violating Unfair Competition Law
 - Penalty for violating Cease and Desist Orders
 - Criminal violations

D. Claims

(1 QUESTION)

- 7. When must claims be paid
- 8. Unfair Claim Settlement Practices

XVII. PERSONAL LINES REGULATIONS

(8 QUESTIONS TOTAL)

A. Claims

(2 QUESTIONS)

- 1. Auto Claims

B. Automobile Insurance (5 QUESTIONS)

1. Financial Responsibility
2. **Un**insured and **Under**Insured Motorist coverages
3. Policy Cancellation and Nonrenewal
4. Automobile Insurance Program (AIP)

C. Other Property and Casualty Laws (1 QUESTION)

1. Mine Subsidence
2. Homeowner's Provisions

XVI. COMMERCIAL LINES REGULATIONS (8 TOTAL QUESTIONS)

A. Indiana Worker's Compensation (6 QUESTIONS)

1. Benefits
2. Who must be insured/not required to be insured
3. Minors
4. Second Injury Fund
5. Assigned Risk Plan

B. Other Property and Casualty Laws (2 QUESTIONS)

1. Cancellation of Commercial Policies
2. Surplus Lines Producers
 - Purpose
 - Duties
 - Gross Premium Tax
 - License requirements

END